

**WATERSHED CONSERVATION AUTHORITY**

**ANNUAL FINANCIAL REPORT**

**June 30, 2012**



WATERSHED CONSERVATION AUTHORITY  
JUNE 30, 2012

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Statement of Net Assets.....	6
Statement of Revenues, Expenses, and Changes in Net Assets.....	7
Statement of Cash Flows .....	8
Notes to Financial Statements.....	9
Supplemental Information:	
Combining Statement of Net Assets.....	18
Combining Statement of Revenues, Expenses, and Changes in Net Assets .....	24
Combining Statement of Cash Flows .....	30





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## **Independent Auditor's Report**

To the Honorable Board of Directors  
Watershed Conservation Authority  
Azusa, California

We have audited the accompanying basic financial statements of the Watershed Conservation Authority (the Authority) as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Watershed Conservation Authority as of June 30, 2012, and the changes in financial position and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2011, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Watershed Conservation Authority's financial statements as a whole. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
March 7, 2013

**WATERSHED CONSERVATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

The Management's Discussion and Analysis (MD&A) of the financial activities of the Watershed Conservation Authority (the Authority) provides a narrative overview of the Authority's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the accompanying financial statements, footnotes, and supplementary information. Amounts contained in this discussion have been rounded to facilitate their readability.

**Financial Highlights**

- During the current fiscal year, the Authority's net assets decreased by \$.65 million to \$21.93 million. Cash deposited in the County Treasury Pool decreased by \$.53 million to \$1.25 million.
- Operating revenues decreased by \$2.74 million to \$1.80 million while operating expenses increased by \$.37 million to \$2.52 million. The decrease in revenue was due to a decline in grant funding.
- There were no land acquisitions during the fiscal year. The Authority made improvements to existing facilities during the fiscal year.
- The Authority continues to have no long-term debt.

**Overview of Financial Statements**

This MD&A serves as an introduction to the Authority's basic financial statements. The basic financial statements include five components: 1) Statement of Net Assets; 2) Statement of Revenues, Expenses and Changes in Net Assets; 3) Statement of Cash Flows; 4) Notes to the Financial Statements, and, 5) Supplemental information.

- The Statement of Net Assets presents all of the Authority's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator to determine whether the financial position of the Authority is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g. accrued but unpaid contract and professional service fees).

**WATERSHED CONSERVATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Continued)**

- The Statement of Cash Flows presents information regarding the Authority's use of cash during the fiscal year and is an indicator of whether or not sufficient cash flow is being generated during the fiscal year to meet the operating needs of the Authority.
- The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.
- The supplemental information includes schedules in the format of the basic financial statements, showing the activity for each fund.

**Financial Statement Analysis**

Since its formation, Net Assets of the Authority have gradually grown from \$1 million to over \$21.9 million. Most of the growth in Net Assets has been attributable to the Authority's acquisition of land and related capital assets. Operating revenues consist primarily of Federal and State grants and leases of Authority owned buildings. Operating expenses consist primarily of contract and professional service fees, and services and supplies related to the acquisition and maintenance of the various Authority owned properties.

As of June 30, 2012, the Authority had \$21.93 million in Net Assets compared to \$22.58 million as of June 30, 2011, a decrease of 2.9%. Investments in Capital Assets accounted for \$20.89 million of the total Net Assets. Liabilities as of June 30, 2012 were \$331,000 compared to \$407,000 as of June 30, 2011.

**Capital Assets**

As of June 30, 2012, the Authority's capital assets consisted of \$17.52 million in land, \$2.12 million in buildings, \$2.21 million in Improvements and accumulated depreciation of \$953,000. No new capital assets were acquired during the fiscal year ended June 30, 2012. Improvements of \$80,000 were made to existing capital assets during the fiscal year.



**WATERSHED CONSERVATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Continued)**

**Economic Factors**

In fiscal year 2012-2013, the Cost Allocation Plan will undergo reevaluation to capture overhead costs from grant administration.

In fiscal year 2013-2014, rental revenue is expected to decline as three residential properties will be demolished to provide the open space for the entry park elements at the Duck Farm.

The following capital project activity is anticipated for fiscal year 2012-2013:

- The Authority applied for a grant with the California Highway Transportation Committee for construction of special use area at the River Wilderness Park with a cost of \$1.8 million. Notification of grant approval is pending.
- The Authority has begun Phase I of the interpretive program and visitor survey tool at Cattle Canyon. The RMC will advance funds to the WCA to compensate US Forest Service for staffing time and support. The grant award totaled \$766,000.
- The Duck Farm will move from basic park elements to construction of the entry park, enhancements to the tunnel, incorporation of park features and interpretive elements. The project received \$1.4 million in grant funding in fiscal year 2012-2013 to add to the \$4 million in grant funding received in fiscal year 2011-2012.
- The Parque Dos Rios Park/South Gate request for service is anticipated to be approved in spring 2013, and construction will begin on park improvements at a cost of approx. \$1.5 million.
- Conceptual improvements at Walnut Creek include working with the City of San Dimas and the County of Los Angeles to implement a trail system at a cost of \$800,000.

**Contacting the Authority's Financial Management**

This financial report is designed to provide our citizens and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County of Los Angeles, Department of Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012.

**WATERSHED CONSERVATION AUTHORITY**  
**Statement of Net Assets**  
**As of June 30, 2012**

**Assets**

Cash deposited with County Treasurer (Note 3)	\$ 1,253,353
Receivables:	
Grant	85,000
Leases	3,893
Accrued Interest	1,123
Miscellaneous	12,485
Prepaid expenses	10,577
Capital assets: (Note 5)	
Land - nondepreciable	17,518,818
Buildings - depreciable	2,116,605
Improvements - depreciable	2,210,533
Accumulated depreciation	(952,870)
<b>Total Assets</b>	<u>22,259,517</u>

**Liabilities**

Accounts payable	280,332
Security deposits	8,585
Deferred revenue	29,083
Due to LA County	13,296
<b>Total Liabilities</b>	<u>331,296</u>

**Net Assets (Note 4)**

Invested in capital assets	20,893,086
Unrestricted	1,035,135
<b>Total Net Assets</b>	<u>\$ 21,928,221</u>

See accompanying notes to basic financial statements

**WATERSHED CONSERVATION AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

**Operating Revenues:**

Contributions from Federal and State grants	\$ 1,233,663
Contributions from County departments	145,340
Leases	221,820
Miscellaneous	205,297
<b>Total Operating Revenues</b>	<u>1,806,120</u>

**Operating Expenses:**

Contract and professional service fees	1,384,266
Insurance	33,698
Maintenance	379,024
Utilities, supplies, and other charges	158,214
Depreciation	226,247
Salaries and wages	333,556
<b>Total Operating Expenses</b>	<u>2,515,005</u>

<b>Operating Income (Loss)</b>	(708,885)
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**Non-Operating Revenues:**

Interest on deposited funds	<u>11,574</u>
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<b>Change in Net Assets</b>	<u>(697,311)</u>
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<b>Net Assets, beginning of the fiscal year</b>	22,576,044
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<b>Prior Period Adjustments (Note 6)</b>	<u>49,488</u>
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<b>Net Assets, beginning of the fiscal year, restated</b>	<u>22,625,532</u>
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<b>Net Assets, end of the fiscal year</b>	<u><u>\$ 21,928,221</u></u>
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See accompanying notes to basic financial statements

**WATERSHED CONSERVATION AUTHORITY**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2012**

<b>Cash Flows from Operating Activities:</b>	
Cash received from Federal and State grants	\$ 1,210,100
Cash received from County departments	245,340
Cash received for security deposits	2,500
Cash received from leases	261,724
Cash received from miscellaneous	191,283
Cash paid to employees for services	(334,881)
Cash paid to suppliers for goods and services	<u>(2,042,912)</u>
<b>Net Cash Used by Operating Activities</b>	<u><b>(466,846)</b></u>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisitions of capital assets	<u>(80,457)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u><b>(80,457)</b></u>
 <b>Cash Flows from Investing Activities:</b>	
Interest received	<u>12,820</u>
<b>Net Cash Provided by Investing Activities</b>	<u><b>12,820</b></u>
 <b>Net Decrease in Cash</b>	<b>(534,483)</b>
 <b>Cash Deposited with County Treasurer, Beginning of Fiscal Year</b>	<u><b>1,787,836</b></u>
 <b>Cash Deposited with County Treasurer, End of Fiscal Year</b>	<u><u><b>\$ 1,253,353</b></u></u>
 <b>Reconciliation of Cash Deposited with County Treasurer to Statement of Net Assets:</b>	
Cash Deposited with County Treasurer	<u><u><b>\$ 1,253,353</b></u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ (708,885)
Adjustments to reconcile change in operating income to net cash provided by operating activities:	
Depreciation	226,247
Decrease (increase) in lease receivable	(3,893)
Decrease (increase) in grant receivable	(85,000)
Decrease (increase) in prepaid expenses	970
Decrease (increase) in miscellaneous receivable	179,873
Increase (decrease) in deferred revenue	15,278
Increase (decrease) in security deposits	(3,100)
Increase (decrease) in accounts payable	<u>(88,336)</u>
<b>Net Cash Used by Operating Activities</b>	<u><u><b>\$ (466,846)</b></u></u>

See accompanying notes to basic financial statements

**WATERSHED CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Watershed Conservation Authority was formed on April 17, 2003, as a joint powers authority by the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC) and the Los Angeles County Flood Control District. The Authority was established for the purpose of expanding and improving the open space and recreational opportunities for the conservation, restoration, and environmental enhancement of the San Gabriel and Lower Los Angeles Rivers Watershed area consistent with the goals of flood protection, water supply, groundwater recharge, and water conservation. Another purpose of the Authority is to acquire and protect lands for watershed protection, natural open space, and recreational purposes.

The Authority is governed by a Board of Directors composed of eight members: three voting members appointed by the Governing Board of the RMC, none of which shall be a member appointed by the Los Angeles County Board of Supervisors; four voting members of the Los Angeles County Board of Supervisors, or their designees, who represents the areas within the territory for the RMC; and the Director of the Los Angeles County Public Works, who will serve as a non-voting, ex-officio member. The Authority is legally separate and fiscally independent from each of the member entities. This means it can incur debt, set and modify its own budget and fees, enter into contracts, and sue and be sued in its own name.

The accompanying financial statements reflect the financial activities of the Authority. The Authority has no component units.

**B. Significant Accounting Policies**

The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Basis of Accounting and Measurement Focus**

The Authority is accounted for as enterprise funds (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred.

WATERSHED CONSERVATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

B. Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenue of the Authority is State funding and lease revenue from properties owned by the Authority. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure.

The Authority has implemented the requirements of GASB Statements No. 64 during the fiscal year ended June 30, 2012.

GASB Statement No. 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions

This Statement is effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this Statement did not have an effect on these financial statements.

The following are descriptions of the Authority's funds:

- The **General Fund** is used to account for the annual JPA contributions from Rivers and Mountains Conservancy and Los Angeles County Flood Control District and for administrative and lobbying services expenditures.
- The **Duck Farm Leases Fund** is used to record and monitor lease revenues on the Duck Farm property.
- The **El Encanto Leases Fund** is used to record and monitor lease revenues on the El Encanto property.

**WATERSHED CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**B. Significant Accounting Policies (Continued)**

The following are descriptions of the Authority's funds (continued):

- The **Southgate Riparian Habitat Property Fund** is used to monitor funds (rental income) deposited to the WCA-Southgate Riparian Habitat property.
- The **Prop 40 RMC 3596 Azusa River Fund** is used to record Prop 40 RMC3596 funds granted to the Authority for the Azusa River Project.
- The **Prop 50 RMC 3596 Azusa River Fund** is used to record Prop 50 RMC3596 funds granted to the Authority for the Azusa River Project.
- The **Prop 50 RMC 3619 Whittier Narrows Dam Recreation Area Plan Fund** is used to record Prop 50 RMC3619 Funds Granted to the Authority for the Whittier Narrows Dam Recreation Area project (located in the City of Pico Rivera, City of South El Monte, City of Montebello, and unincorporated Los Angeles County; a recreation and open space area that cover over 772 acres). Prop 50 - Water security, clean drinking water, coastal and beach protection bond act of 2002.
- The **Prop 50 RMC 3618 Emerald Necklace San Jose Creek Property Fund** is used to record Prop 50 RMC3618 funds granted to the Authority for the Emerald Necklace San Jose Creek project. The project is a fee simple acquisition of approximately 4 acres within the San Jose Creek area in unincorporated Los Angeles County, Avocado Heights. The project will be developed as a passive open space with equestrian features and water quality elements and the Los Angeles County will be the long-term steward of the property.
- The **Prop 84 RMC 3522 Walnut Creek Habitat & Open Space Acquisition Fund** is used to record Prop 84 RMC3522 funds granted to the Authority for the Walnut Creek Habitat & Open Space project. The project is the acquisition of a portion of the 60.76 acres within the riparian area of Walnut Creek and west of the 57 Fwy, in unincorporated Los Angeles County, 5th District, surrounded by the City of San Dimas.
- The **Prop 50 RMC 3615 Canyon Inn/Theological Seminary Property Fund** is used to record Prop 50 RMC3615 funds granted to the Authority for the Canyon Inn/Theological Seminary project. The project is a fee simple acquisition of approximately 26.06 acre International Theological Seminary (Canyon Inn/Cool Springs) property in Azusa within the Azusa River Wilderness Park project.

**WATERSHED CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**B. Significant Accounting Policies (Continued)**

The following are descriptions of the Authority's funds (continued):

- The **Prop 40 RMC 3609 Duck Farm Phase 1A Implementation Fund** is used to record funds Granted to the Authority for the Duck Farm Ph 1A implement project. The Phase 1A Duck Farm project involves the development of a 23 acre river adjacent park project that includes a public access trail, 16.8 acres of riparian landscape, a community garden, a native plant nursery, a wildflower meadow, and a river promenade.
- The **Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property Fund** is used to record parcel acquisitions in the cities of Claremont, Glendora, La Puente, Long Beach, Monrovia, and South El Monte, if offered for sale by the Los Angeles County Department of the Treasurer and Tax Collector.
- The **Supplemental Environmental Project - Duck Farm Fund** is used to record Supplemental Environmental Project funds granted to the Authority for the Duck Farm.
- The **Prop A Duck Farm Fund** is used to record Prop A funds granted to the WCA for the Duck Farm. The project is the development of a pocket park and trail access to passive recreation areas at the Duck Farm as well as access to a newly developed river promenade on the east bank of the San Gabriel River.
- The **Resources Agency Canyon Inn Acquisition Fund** is used to record Resources Agency funds granted to the Authority for the Canyon Inn Acquisition. Funds will be used for the purchase of 26.06 acres in fee title along the San Gabriel River. It will become part of the Azusa Wilderness Park where greenways and bike paths will connect many communities. Upon acquisition, the restoration of the river banks and establishment of approximately 15 miles of trails will start.
- The **Prop 84 RMC 09102 WCA Capital Project Implementation Fund** is used to record Prop 84 RMC09102 funds granted to the Authority for the Authority Capital Project Implementation. The fund was activated primarily for the purpose of wiring the Authority payroll funds to BLI Payroll Solutions.
- The **Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed Fund** is used to record Prop 84 RMC09103 funds granted to the WCA for the San Gabriel and Rio Hondo Watershed. State enacted Prop 84 – the safe drinking water, water quality and supply, flood control, river and coastal protection bond act of 2006 which provides funds to the RMC grant programs; RMC authorized \$168,563 grant to the WCA. This fund was requested by the WCA also for the purpose of wiring WCA payroll funds to BLI Payroll Solutions.



**WATERSHED CONSERVATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**B. Significant Accounting Policies (Continued)**

The following are descriptions of the Authority's funds (continued):

- The **Prop 84 RMC 10011 Azusa Springs Water System RWP Fund** is used to record Prop 84 RMC10011 funds granted to the WCA for the Azusa Springs Water System, River Wilderness Park. State enacted Prop 13 – the safe drinking water, clean water, watershed protection, and flood protection bond act of 2000 which provides funds for the Rivers and Mountains Conservancy (RMC) grant programs; the Rivers and Mountains Conservancy authorized a \$460,000 grant to the WCA.
- The **Prop 84 RMC09105 Cattle Canyon Improvement Fund** is used for the San Gabriel River Confluence with Cattle Canyon Improvement Project. The project is the Phase I Planning for portions of the confluence of the East Fork of the San Gabriel River with Cattle Canyon and its creek. This project will include a feasibility study, development of the site, interpretive and directional signage, an interpretive program utilizing the Southern California Consortium project and a study on the effectiveness of the Interpretive Program. This pilot project will be completed with the intent that it is replicable in other areas of the Angeles National Forest and the San Gabriel River Watershed. This project is a collaboration of the USFS, RMC, Sierra Club, Southern California Consortium and the Upper San Gabriel Valley Municipal Water District with all of the partners allocating staff time to the project.
- The **Prop 84 RMC10007 98<sup>th</sup> Street Park Project Fund** is used to record funds granted to the Prop 84 RMC10007 98<sup>th</sup> Street Park Project. WCA will partner with a local community based group in the South Los Angeles/Watts area to conduct the community visioning and feasibility study for a passive rail enhancement along 98<sup>th</sup> Street, a Dept. of Water and Power right-of-way. The study will form the basis for findings under the California Environmental Quality Act. The site is currently used as a walkway by the local community as well as a passive recreational amenity.
- The **LACFCD Emerald Necklace Feasibility Study/Implementation Fund** is used to record funding from the California Community Foundation, Los Angeles County Flood Control District (LACFCD), and Southern California Edison. Emerald Necklace is a 17-mile loop of proposed and existing parks, greenways, bikeways, and multi-use trails along the San Gabriel River and the Rio Hondo between Peck Road Water Conservation Park and Whittier Narrows Recreation Area. A Vision Plan for the Emerald Necklace was developed by Amigos de los Rios, a non-profit organization, in conjunction with various stakeholders, and identifies potential opportunities for development of greening and tributary channel naturalization projects along the San Gabriel River and the Rio Hondo including its proximity; including projects proposed on property of facilities under the LACFCD or County of Los Angeles Dept. of Parks and Recreation jurisdiction. WCA has proposed to retain a consultant to prepare the LACFCD/County of Los Angeles Emerald Necklace Feasibility Study and Implementation Plan to analyze the technical feasibility of the projects identified in the Vision Plan.

**WATERSHED CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**B. Significant Accounting Policies (Continued)**

The following are descriptions of the Authority's funds (continued):

- The **Environmental Enhancement Mitigation Program EEMP Duck Farm Fund** is used for the restoration of the Duck Farm in Los Angeles County and to create a river-front parkway adjacent to the Caltrans 1-10 HOV lanes addition project that will revitalize the space by providing a viable habitat for wildlife, storm water capture benefits, parkway, trails, and recreational opportunities for local underserved, park poor communities within the San Gabriel River Corridor. Estimated project cost is \$5,200,000.

The Authority's financial statements are presented in accordance with the provisions of Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Statement No. 34 established standards for external financial reporting for all state and local governmental entities. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. As of June 30, 2012, the Authority had no debt obligations.

Restricted net assets – This component of net assets represents restricted assets net of liabilities that relate to those specific restricted assets. A restricted asset is an asset for which constraints have been placed on the asset's use by creditors, contributors, laws, or regulations of other governments, or as a consequence of a restriction established by the reporting government's own governing body at the time a particular fee, charge, levy, or assessment was approved. These restrictions must be narrower than the general purposes for which the reporting government can use its resources. As of June 30, 2012, the Authority had no restricted net assets.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**WATERSHED CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**C. Revenue Recognition**

The Authority's major sources of revenue are Federal, State, and County funding and lease revenue from properties owned by the Authority.

**D. Capital Assets**

Capital assets, which include land, buildings, and improvements, are reported in the statements of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Land consists of open space acquired in accordance with the joint powers agreement that created the Authority. When land is sold or otherwise disposed of, related costs are removed from the accounts and any gain or loss is reported in the statement of revenues, expenses, and changes in net assets.

The Authority's capitalization thresholds are \$100,000 for buildings and \$5,000 for improvements. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 Years
----------------------------	----------

**E. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

**WATERSHED CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 2 RELATED PARTY TRANSACTIONS**

The County of Los Angeles maintains the books and records of the Authority, including the investment with the County Treasurer.

**NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER**

In accordance with the Government Code, cash balances of the Authority are deposited with and pooled and invested by the Los Angeles County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily balance during the allocation period.

Statutes authorize the County of Los Angeles to invest pooled investments in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposits, floating rate notes, repurchase agreements, and reverse repurchase agreements.

See the County of Los Angeles' Comprehensive Annual Financial Report for disclosures related to cash and investments and the related interest rate risk, credit rate risk, custodial risk, and concentration risk.

Funds deposited in the Los Angeles County Treasury Pool amounted to \$1,253,353 as of June 30, 2012. These amounts represent less than .01% of the total balance of the Los Angeles County Treasury Pool.

**NOTE 4 NET ASSETS**

Net assets at June 30, 2012, consisted of the following:

Invested in Capital Assets	\$ 20,893,086
Unrestricted Net Assets	<u>1,035,135</u>
Total Net Assets	<u><u>\$ 21,928,221</u></u>

**WATERSHED CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012 is as follows:

	Balance at June 30, 2011	Additions	Deletions	Prior Period Adjustments	Balance at June 30, 2012
Capital Assets, Non Depreciable:					
Land	\$ 17,518,818	\$ -	\$ -	\$ -	\$ 17,518,818
Total Capital Assets, non depreciable	17,518,818				17,518,818
Capital Assets, Depreciable:					
Buildings	2,116,605				2,116,605
Improvements	2,076,825	80,457		53,251	2,210,533
Less: Accumulated depreciation	(722,860)	(226,247)		(3,763)	(952,870)
Total Capital Assets, depreciable, net	3,470,570	(145,790)		49,488	3,374,268
Total Capital Assets, net	\$ 20,989,388	\$ (145,790)	\$ -	\$ 49,488	\$ 20,893,086

**NOTE 6 PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$49,488 was made on the Statement of Revenues, Expenses, and Changes in Net Assets for an understatement of capital assets in the prior fiscal year.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

The Authority has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

**NOTE 8 SUBSEQUENT EVENTS**

The Authority's management has reviewed all known events that have occurred after June 30, 2012 and through March 17, 2013 the date when these financial statements were available to be issued, for inclusion in the financial statements and footnotes.

**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Net Assets**  
**June 30, 2012**

	Watershed Conservation Authority	Duck Farm Leases	El Encanto Leases
<b>Assets</b>			
Cash deposited with County Treasurer	\$ 57,275	\$ 243,532	\$ 19,075
Receivables:			
Grant			
Leases			3,893
Due from other funds	13,296		
Accrued Interest	53	214	20
Miscellaneous			18
Prepaid expenses	4,267	1,603	3,081
Capital assets:			
Land - nondepreciable	17,502,519		
Buildings - depreciable	2,116,605		
Improvements - depreciable		74,349	565,845
Accumulated depreciation	(694,577)	(17,226)	(127,315)
<b>Total Assets</b>	<u>18,999,438</u>	<u>302,472</u>	<u>464,617</u>
<b>Liabilities</b>			
Security deposits	2,535	6,050	
Deferred revenue		15,750	
Accounts payable	4,229	1,081	3,244
Due to other funds		13,296	
Due to LA County	13,296		
<b>Total Liabilities</b>	<u>20,060</u>	<u>36,177</u>	<u>3,244</u>
<b>Net Assets</b>			
Invested in capital assets	18,924,547	57,123	438,530
Unrestricted	54,831	209,172	22,843
<b>Total Net Assets</b>	<u>\$ 18,979,378</u>	<u>\$ 266,295</u>	<u>\$ 461,373</u>

Southgate Riparian Habitat Property	Prop 40 RMC 3596 Azusa River	Prop 50 RMC 3596 Azusa River	Prop 50 RMC 3619 Whittier Narrows Dam Recreation Area Plan	Prop 50 RMC 3618 Emerald Necklace San Jose Creek Property	Prop 84 RMC 3522 Walnut Creek Habitat & Open Space Acquisition
\$ 8,390	\$ 196	\$ 202	\$ 3,436	\$ 665	\$ 5,228
8			3	1	7
16,299					
24,697	196	202	3,439	666	5,235
13,333	18	202		6	3,115
13,333	18	202		6	3,115
16,299					
(4,935)	178		3,439	660	2,120
\$ 11,364	\$ 178	\$ -	\$ 3,439	\$ 660	\$ 2,120

(Continued)

**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Net Assets**  
**June 30, 2012**  
**(Continued)**

	Prop 50 RMC 3615 Canyon Inn/Theological Seminary Property	Prop 40 RMC 3609 Duck Farm Phase 1A Implementation	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property
<b>Assets</b>			
Cash deposited with County Treasurer	\$ 17,666	\$ 108,098	\$ 843
Receivables:			
Grant			
Leases			
Due from other funds			
Accrued Interest	44	127	1
Miscellaneous			
Prepaid expenses			
Capital assets:			
Land - nondepreciable			
Buildings - depreciable			
Improvements - depreciable		1,247,161	
Accumulated depreciation		(89,514)	
<b>Total Assets</b>	<u>17,710</u>	<u>1,265,872</u>	<u>844</u>
<b>Liabilities</b>			
Security deposits			
Deferred revenue			
Accounts payable	16,069	88,269	
Due to other funds		21,152	
Due to LA County			
<b>Total Liabilities</b>	<u>16,069</u>	<u>109,421</u>	
<b>Net Assets</b>			
Invested in capital assets		1,157,647	
Unrestricted	1,641	(1,196)	844
<b>Total Net Assets</b>	<u>\$ 1,641</u>	<u>\$ 1,156,451</u>	<u>\$ 844</u>



Supplemental Environmental Project - Duck Farms	Prop A Duck Farm	Resources Agency Canyon Inn Acquisition	Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP
\$ 168,839	\$ 119	\$ 10,566	\$ 6,290	\$ 80,851	\$ 674
					85,000
			29,144		
154		11	21	74	1
			12,467		
116			1,510		
81,428	10,000				231,750
(6,107)	(750)				(17,381)
244,430	9,369	10,577	49,432	80,925	300,044
4,975		9,968	12,879	5,499	40
			22		
4,975		9,968	12,901	5,499	40
75,321	9,250				214,369
164,134	119	609	36,531	75,426	85,635
\$ 239,455	\$ 9,369	\$ 609	\$ 36,531	\$ 75,426	\$ 300,004

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**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Net Assets**  
**June 30, 2012**  
**(Continued)**

	Prop 84 RMC 09105 Cattle Canyon Improvement	Prop 84 RMC 10007 98th Street Park Project	LACFCD Emerald Necklace Feasibility Study/ Implementation	Environmental Enhancemnt Mitigation Program EEMP Duck Farm	Total
<b>Assets</b>					
Cash deposited with County Treasurer	\$ 8,988	\$ 150,429	\$ 123,415	\$ 238,576	\$ 1,253,353
Receivables:					
Grant					85,000
Leases					3,893
Due from other funds			22		42,462
Accrued Interest	5	82	102	195	1,123
Miscellaneous					12,485
Prepaid expenses					10,577
Capital assets:					
Land - nondepreciable					17,518,818
Buildings - depreciable					2,116,605
Improvements - depreciable					2,210,533
Accumulated depreciation					(952,870)
<b>Total Assets</b>	<u>8,993</u>	<u>150,511</u>	<u>123,539</u>	<u>238,771</u>	<u>22,301,979</u>
<b>Liabilities</b>					
Security deposits					8,585
Deferred revenue					29,083
Accounts payable		130,392	346		280,332
Due to other funds	4,996	2,996			42,462
Due to LA County					13,296
<b>Total Liabilities</b>	<u>4,996</u>	<u>133,388</u>	<u>346</u>		<u>373,758</u>
<b>Net Assets</b>					
Invested in capital assets					20,893,086
Unrestricted	3,997	17,123	123,193	238,771	1,035,135
<b>Total Net Assets</b>	<u>\$ 3,997</u>	<u>\$ 17,123</u>	<u>\$ 123,193</u>	<u>\$ 238,771</u>	<u>\$21,928,221</u>

**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

	Watershed Conservation Authority	Duck Farm Leases	El Encanto Leases
<b>Operating Revenues:</b>			
Contributions from Federal and State grants	\$ 9,999	\$	\$
Contributions from County departments			
Leases		141,340	80,480
Miscellaneous	26,587	120	15,614
<b>Total Operating Revenues</b>	<u>36,586</u>	<u>141,460</u>	<u>96,094</u>
<b>Operating Expenses:</b>			
Contract and professional service fees	99,045	43,155	41,304
Insurance	7,497	2,497	5,491
Maintenance		10,176	19,011
Utilities, supplies, and other charges	3,763	7,980	32,196
Depreciation	105,830	3,717	28,292
Salaries and wages			
<b>Total Operating Expenses</b>	<u>216,135</u>	<u>67,525</u>	<u>126,294</u>
<b>Operating Income (Loss)</b>	(179,549)	73,935	(30,200)
<b>Non-Operating Revenues:</b>			
Interest on deposited funds	582	2,107	220
<b>Net Increase (Decrease) before Transfers</b>	(178,967)	76,042	(29,980)
Transfers in	76,130		15,000
Transfers out		(51,965)	
<b>Change in Net Assets</b>	<u>(102,837)</u>	<u>24,077</u>	<u>(14,980)</u>
<b>Net Assets, beginning of the fiscal year</b>	19,082,215	242,218	476,353
<b>Prior Period Adjustments</b>			
<b>Net Assets, beginning of the fiscal year, restated</b>	<u>19,082,215</u>	<u>242,218</u>	<u>476,353</u>
<b>Net Assets, end of the fiscal year</b>	<u>\$ 18,979,378</u>	<u>\$ 266,295</u>	<u>\$ 461,373</u>

Southgate Riparian Habitat Property	Prop 40 RMC 3596 Azusa River	Prop 50 RMC 3596 Azusa River	Prop 50 RMC 3619 Whittier Narrows Dam Recreation Area Plan	Prop 50 RMC 3618 Emerald Necklace San Jose Creek Property	Prop 84 RMC 3522 Walnut Creek Habitat & Open Space Acquisition
\$ 30,750	\$	\$	\$	\$ 45,340	\$ 95,000
30,750				45,340	95,000
150	18	1,610		7,663	127,827
463					21
613	18	1,610		7,663	127,848
30,137	(18)	(1,610)		37,677	(32,848)
141	2	8	32	83	248
30,278	(16)	(1,602)	32	37,760	(32,600)
(28,000)			(329)	(48,169)	(9,300)
2,278	(16)	(1,602)	(297)	(10,409)	(41,900)
9,086	194	1,602	3,736	11,069	44,020
9,086	194	1,602	3,736	11,069	44,020
\$ 11,364	\$ 178	\$	\$ 3,439	\$ 660	\$ 2,120

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**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2012**  
**(Continued)**

	Prop 50 RMC 3615 Canyon Inn/Theological Seminary Property	Prop 40 RMC 3609 Duck Farm Phase 1A Implementation	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property
<b>Operating Revenues:</b>			
Contributions from Federal and State grants	\$	\$ 557,000	\$
Contributions from County departments			
Leases			
Miscellaneous			
<b>Total Operating Revenues</b>		<u>557,000</u>	
<b>Operating Expenses:</b>			
Contract and professional service fees	136,272	569,659	
Insurance			
Maintenance		319,885	
Utilities, supplies, and other charges	64	85,569	
Depreciation		71,654	
Salaries and wages			
<b>Total Operating Expenses</b>	<u>136,336</u>	<u>1,046,767</u>	
<b>Operating Income (Loss)</b>	(136,336)	(489,767)	
<b>Non-Operating Revenues:</b>			
Interest on deposited funds	<u>988</u>	<u>2,382</u>	<u>10</u>
<b>Net Increase (Decrease) before Transfers</b>	(135,348)	(487,385)	10
Transfers in			
Transfers out	<u>(11,765)</u>	<u>(105,061)</u>	<u>(1,473)</u>
<b>Change in Net Assets</b>	<u>(147,113)</u>	<u>(592,446)</u>	<u>(1,463)</u>
<b>Net Assets, beginning of the fiscal year</b>	148,754	1,748,897	2,307
<b>Prior Period Adjustments</b>			
<b>Net Assets, beginning of the fiscal year, restated</b>	<u>148,754</u>	<u>1,748,897</u>	<u>2,307</u>
<b>Net Assets, end of the fiscal year</b>	<u>\$ 1,641</u>	<u>\$ 1,156,451</u>	<u>\$ 844</u>

Supplemental Environmental Project - Duck Farms	Prop A Duck Farm	Resources Agency Canyon Inn Acquisition	Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP	Prop 84 RMC 09105 Cattle Canyon Improvement
\$	\$	\$	\$	\$ 59,116	\$ 85,000	\$ 8,988
			84,332	78,644		
			84,332	137,760	85,000	8,988
5,017		19,575	22,455	7,043	108,427	
29,844		87	18,213			
21,225		1,223	4,285	1,399	47	
4,750	417				11,587	
			333,556			
60,836	417	20,885	378,509	8,442	120,061	
(60,836)	(417)	(20,885)	(294,177)	129,318	(35,061)	8,988
1,704	45	104	203	407	465	6
(59,132)	(372)	(20,781)	(293,974)	129,725	(34,596)	8,994
		17,829	291,672	119		
	(15,000)		(11,284)	(54,328)	(29,142)	(4,997)
(59,132)	(15,372)	(2,952)	(13,586)	75,516	(63,738)	3,997
298,587	24,741	3,561	50,117	(90)	314,254	
					49,488	
298,587	24,741	3,561	50,117	(90)	363,742	
\$ 239,455	\$ 9,369	\$ 609	\$ 36,531	\$ 75,426	\$ 300,004	\$ 3,997

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**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2012**  
**(Continued)**

	Prop 84 RMC 10007 98th Street Park Project	LACFCD Emerald Necklace Feasibility Study/ Implementation	Environmental Enhancemnt Mitigation Program EEMP Duck Farm	Total
<b>Operating Revenues:</b>				
Contributions from Federal and State grants	\$ 150,000	\$	\$ 237,810	\$ 1,233,663
Contributions from County departments		100,000		145,340
Leases				221,820
Miscellaneous				205,297
<b>Total Operating Revenues</b>	<u>150,000</u>	<u>100,000</u>	<u>237,810</u>	<u>1,806,120</u>
<b>Operating Expenses:</b>				
Contract and professional service fees	148,473	46,573		1,384,266
Insurance				33,698
Maintenance				379,024
Utilities, supplies, and other charges				158,214
Depreciation				226,247
Salaries and wages				333,556
<b>Total Operating Expenses</b>	<u>148,473</u>	<u>46,573</u>		<u>2,515,005</u>
<b>Operating Income (Loss)</b>	1,527	53,427	237,810	(708,885)
<b>Non-Operating Revenues:</b>				
Interest on deposited funds	<u>427</u>	<u>449</u>	<u>961</u>	<u>11,574</u>
<b>Net Increase (Decrease) before Transfers</b>	1,954	53,876	238,771	(697,311)
Transfers in				400,750
Transfers out	<u>(29,937)</u>			<u>(400,750)</u>
<b>Change in Net Assets</b>	<u>(27,983)</u>	<u>53,876</u>	<u>238,771</u>	<u>(697,311)</u>
<b>Net Assets, beginning of the fiscal year</b>	45,106	69,317		22,576,044
<b>Prior Period Adjustments</b>				49,488
<b>Net Assets, beginning of the fiscal year, restated</b>	<u>45,106</u>	<u>69,317</u>		<u>22,625,532</u>
<b>Net Assets, end of the fiscal year</b>	<u>\$ 17,123</u>	<u>\$ 123,193</u>	<u>\$ 238,771</u>	<u>\$21,928,221</u>

**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2012**

	Watershed Conservation Authority	Duck Farm Leases	El Encanto Leases
<b>Cash Flows from Operating Activities:</b>			
Cash received from Federal and State grants	\$ 9,999	\$	\$
Cash received from County departments			
Cash received for security deposits		2,500	
Cash received from leases		153,659	76,065
Cash received from miscellaneous services	26,500	(1,602)	15,524
Cash paid to employees for services			
Cash paid to suppliers for goods and services	(91,654)	(72,210)	(107,816)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(55,155)</u>	<u>82,347</u>	<u>(16,227)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisitions of capital assets			
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>			
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers in	62,834		15,000
Transfers out		(38,669)	
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>62,834</u>	<u>(38,669)</u>	<u>15,000</u>
<b>Cash Flows from Investing Activities:</b>			
Interest received	650	2,280	230
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>650</u>	<u>2,280</u>	<u>230</u>
<b>Net Increase/(Decrease) in Cash</b>	8,329	45,958	(997)
<b>Cash Deposited with County Treasurer, Beginning of Fiscal Year</b>	<u>48,946</u>	<u>197,574</u>	<u>20,072</u>
<b>Cash Deposited with County Treasurer, End of Fiscal year</b>	<u>\$ 57,275</u>	<u>\$ 243,532</u>	<u>\$ 19,075</u>
<b>Reconciliation of Cash Deposited with County Treasurer to Statement of Net Assets:</b>			
Cash Deposited with County Treasurer	<u>\$ 57,275</u>	<u>\$ 243,532</u>	<u>\$ 19,075</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (179,549)	\$ 73,935	\$ (30,200)
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	105,830	3,717	28,292
Decrease (increase) in lease receivable			(3,893)
Decrease (increase) in grant receivable			
Decrease (increase) in prepaid expenses	1,038	154	477
Decrease (increase) in due from other funds			
Decrease (increase) in miscellaneous receivable		170	(18)
Increase (decrease) in deferred revenue		14,028	
Increase (decrease) in security deposits		(1,100)	(2,000)
Increase (decrease) in due to other funds			
Increase (decrease) in accounts payable	17,526	(8,557)	(8,885)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (55,155)</u>	<u>\$ 82,347</u>	<u>\$ (16,227)</u>

Southgate Riparian Habitat Property	Prop 40 RMC 3596 Azusa River	Prop 50 RMC 3596 Azusa River	Prop 50 RMC 3619 Whittier Narrows Dam Recreation Area Plan	Prop 50 RMC 3618 Emerald Necklace San Jose Creek Property	Prop 84 RMC 3522 Walnut Creek Habitat & Open Space Acquisition	Prop 50 RMC 3615 Canyon Inn/Theological Seminary Property
\$	\$	\$	\$	\$	\$	\$
				45,340	95,000	
32,000						
(613)		(3,160)		(13,723)	(180,916)	(153,639)
31,387		(3,160)		31,617	(85,916)	(153,639)
(28,000)			(329)	(48,169)	(9,300)	(11,765)
(28,000)			(329)	(48,169)	(9,300)	(11,765)
267	2	23	66	91	271	1,071
267	2	23	66	91	271	1,071
3,654	2	(3,137)	(263)	(16,461)	(94,945)	(164,333)
4,736	194	3,339	3,699	17,126	100,173	181,999
\$ 8,390	\$ 196	\$ 202	\$ 3,436	\$ 665	\$ 5,228	\$ 17,666
\$ 8,390	\$ 196	\$ 202	\$ 3,436	\$ 665	\$ 5,228	\$ 17,666
\$ 30,137	\$ (18)	\$ (1,610)	\$	\$ 37,677	\$ (32,848)	\$ (136,336)
1,250						
	18	(1,550)		(6,060)	(53,068)	(17,303)
\$ 31,387	\$	\$ (3,160)	\$	\$ 31,617	\$ (85,916)	\$ (153,639)

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**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2012**  
**(Continued)**

	Prop 40 RMC 3609 Duck Farm Phase 1A Implementation	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property	Supplemental Environmental Project - Duck Farms
<b>Cash Flows from Operating Activities:</b>			
Cash received from Federal and State grants	\$ 557,000	\$	\$ 92,187
Cash received from County departments			
Cash received for security deposits			
Cash received from leases			
Cash received from miscellaneous services			
Cash paid to employees for services			
Cash paid to suppliers for goods and services	(945,000)		(51,227)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(388,000)</u>		<u>40,960</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Acquisitions of capital assets	(80,457)		
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(80,457)</u>		
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers in			
Transfers out	(83,909)	(1,473)	
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>(83,909)</u>	<u>(1,473)</u>	
<b>Cash Flows from Investing Activities:</b>			
Interest received	3,182	14	1,803
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>3,182</u>	<u>14</u>	<u>1,803</u>
<b>Net Increase/(Decrease) in Cash</b>	(549,184)	(1,459)	42,763
<b>Cash Deposited with County Treasurer, Beginning of Fiscal Year</b>	<u>657,282</u>	<u>2,302</u>	<u>126,076</u>
<b>Cash Deposited with County Treasurer, End of Fiscal year</b>	<u>\$ 108,098</u>	<u>\$ 843</u>	<u>\$ 168,839</u>
<b>Reconciliation of Cash Deposited with County Treasurer to Statement of Net Assets:</b>			
Cash Deposited with County Treasurer	<u>\$ 108,098</u>	<u>\$ 843</u>	<u>\$ 168,839</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (489,767)	\$	\$ (60,836)
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	71,654		4,750
Decrease (increase) in lease receivable			
Decrease (increase) in grant receivable			
Decrease (increase) in prepaid expenses			(116)
Decrease (increase) in due from other funds			
Decrease (increase) in miscellaneous receivable			92,188
Increase (decrease) in deferred revenue			
Increase (decrease) in security deposits			
Increase (decrease) in due to other funds			
Increase (decrease) in accounts payable	30,113		4,974
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (388,000)</u>	<u>\$</u>	<u>\$ 40,960</u>

Prop A Duck Farm	Resources Agency Canyon Inn Acquisition	Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP	Prop 84 RMC 09105 Cattle Canyon Improvement	Prop 84 RMC 10007 98th Street Park Project
\$	\$	\$	\$ 59,116	\$	\$ 8,988	\$ 150,000
		72,217 (334,881)	78,644			
	(10,917)	(46,993)	(3,370)	(161,684)		(123,058)
	(10,917)	(309,657)	134,390	(161,684)	8,988	26,942
(15,000)	17,829	283,334 (11,284)	119 (75,134)	(29,142)		(26,942)
(15,000)	17,829	272,050	(75,015)	(29,142)		(26,942)
75	101	234	362	556		429
75	101	234	362	556		429
(14,925)	7,013	(37,373)	59,737	(190,270)	8,988	429
15,044	3,553	43,663	21,114	190,944		150,000
\$ 119	\$ 10,566	\$ 6,290	\$ 80,851	\$ 674	\$ 8,988	\$ 150,429
\$ 119	\$ 10,566	\$ 6,290	\$ 80,851	\$ 674	\$ 8,988	\$ 150,429
\$ (417)	\$ (20,885)	\$ (294,177)	\$ 129,318	\$ (35,061)	\$ 8,988	\$ 1,527
417				11,587		
				(85,000)		
		(583)				
		(12,467)				
	9,968	22 (2,452)	5,072	(53,210)		25,415
\$	\$ (10,917)	\$ (309,657)	\$ 134,390	\$ (161,684)	\$ 8,988	\$ 26,942

(Continued)

**WATERSHED CONSERVATION AUTHORITY**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2012**  
**(Continued)**

	LACFCD Emerald Necklace Feasibility Study/ Implementation	Environmental Enhancement Mitigation Program EEMP Duck Farm	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from Federal and State grants	\$	\$ 237,810	\$ 1,210,100
Cash received from County departments	200,000		245,340
Cash received for security deposits			2,500
Cash received from leases			261,724
Cash received from miscellaneous services			191,283
Cash paid to employees for services			(334,881)
Cash paid to suppliers for goods and services	(76,932)		(2,042,912)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>123,068</u>	<u>237,810</u>	<u>(466,846)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisitions of capital assets			(80,457)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>			<u>(80,457)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers in			379,116
Transfers out			(379,116)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>			
<b>Cash Flows from Investing Activities:</b>			
Interest received	347	766	12,820
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>347</u>	<u>766</u>	<u>12,820</u>
<b>Net Increase/(Decrease) in Cash</b>	123,415	238,576	(534,483)
<b>Cash Deposited with County Treasurer, Beginning of Fiscal Year</b>			<u>1,787,836</u>
<b>Cash Deposited with County Treasurer, End of Fiscal year</b>	<u>\$ 123,415</u>	<u>\$ 238,576</u>	<u>\$ 1,253,353</u>
<b>Reconciliation of Cash Deposited with County Treasurer to Statement of Net Assets:</b>			
Cash Deposited with County Treasurer	<u>\$ 123,415</u>	<u>\$ 238,576</u>	<u>\$ 1,253,353</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ 53,427	\$ 237,810	\$ (708,885)
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:			
Depreciation			226,247
Decrease (increase) in lease receivable			(3,893)
Decrease (increase) in grant receivable			(85,000)
Decrease (increase) in prepaid expenses			970
Decrease (increase) in due from other funds	(22)		(22)
Decrease (increase) in miscellaneous receivable	100,000		179,873
Increase (decrease) in deferred revenue			15,278
Increase (decrease) in security deposits			(3,100)
Increase (decrease) in due to other funds			22
Increase (decrease) in accounts payable	(30,337)		(88,336)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 123,068</u>	<u>\$ 237,810</u>	<u>\$ (466,846)</u>

(Continued)